

Before the
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Elk River Post Office 83827

Docket No. A2012-99

PUBLIC REPRESENTATIVE'S REPLY COMMENTS

(February 27, 2012)

I. INTRODUCTION

This case concerns an appeal of the Postal Service's decision to close the Elk River Post Office in Clearwater County, Idaho. The Postal Service plans to provide the 92 former Post Office Box customers of that office with Highway Contract Route (HCR) Service to cluster box units (CBUs). There is one HCR customer, who presumably would continue to be served via the HCR option. A parcel locker may be installed.

Service to Elk River customers will be under the administration of the Deary Post Office, which is **27 miles** to the west in adjacent Latah County.¹ AR/Item No. 47 at 2. The Bovill Post Office, initially identified as a next closest place for retail services, is 17 miles away, and is the subject of a **pending appeal** (in Docket No. A2012-99).

The main issues in terms of the interest of the general public are:

- the accuracy of the economic savings estimate;
- uncertainty over whether a "will call" in Deary will be part of the transition (and, if so, for how long);
- uncertainty over where CBUs will be located;

¹ See AR/Item No. 49 at 9 and (for direction) AR/Item No. 4 at 2.

- uncertainty over what has happened in terms of repeated representations in the Administrative Record regarding a Community Post Office;
- uncertainty over whether the Deary Post Office, which only has 8 available boxes, can accommodate potential demand from both Elk River and Bovill customers, much less from other Deary residents;
- uncertainty over satisfaction of posting requirements, given a Memorandum appearing in the Administrative Record.

Deary is not on the RAOI list, but the Bovill Post Office, which the Administrative Record identifies as a closer retail location (at 17 miles away), is the subject of a pending appeal (Docket No. A2012-109).²

It would be in the public interest for the Postal Service to clear up the matters identified above, especially when the lease has about two-and-a-half more years to run. In general, the types of things identified are those for which there should be a response or explanation at this stage of the process (even if circumstances preclude being wholly definitive), as they are the type of things to which Post Office patrons and Members of Congress acting on their behalf could reasonably expect would be addressed as fully as possible.

II. THE COMMUNITY

Elk River is located in north central Idaho. According to web sources, It is part of an area referred to as the Inland Northwest, where the Lewis and Clark expedition rested and regrouped, with the assistance of the native Nez Pierce, after a harrowing trip through the Bitterroot Mountain Range.³

Willard Trumbell homesteaded the area in 1897, and he became the town's namesake. In 1909, the Potlatch Lumber Company bought out Trumbell's interest and, a year later, built the Nation's first all-electric sawmill. At about the same time, a

² The Administrative Record does not mention this, even in the Final Determination, but the Postal Service acknowledges the Bovill Post Office's status in its Comments. See Postal Service Comments at 4 (note 7).

³ Statements about Elk River's history in this and several succeeding paragraphs are based on http://www.elkriverlodge.net/visitor_information.html and <http://www.visitnorthcentralidaho.org>.

railroad line was extended to the area from Bovill and the town's name was changed to Elk River. (The Bovill Post Office, as mentioned above, is also the subject of a pending appeal in Docket No. A2012-99.)

By 1911, Elk River's population was 1,300 and, within a year, it had a new school, a waterworks system, graded streets, electricity, board sidewalks and a hospital. The first newspaper was called the *Sentinel*. The name was changed to the *Elk River News* when William Marineau bought the paper.

Elk River's rapid growth was largely due to the presence of the sawmill, but there was also some mining in the surrounding area. However, a series of events over the course of just a few years changed the town's fate: Potlatch built a newer and bigger saw mill at Lewiston in 1927, blister rust attacked the white pines in 1929, and the ramifications of the Great Depression were being felt by 1930. The electric sawmill closed the next year, and another mill shortly thereafter. By 1933, there was little employment in the town, no bank, and a declining population. Publisher Marineau sold his printing press to Frank Robinson, who had it moved to Moscow, Idaho, and thereby unwittingly helped launch Robinson's future as a major user of the Nation's postal system. This is because Robinson, though little known today, was the founder of Psychiana. One dictionary defines Psychiana as:

a religion disseminated principally through lessons and publications sent out on a mail-order basis from its headquarters in Moscow, Idaho and based on a central message that each individual is capable of discovering and utilizing the spiritual power within him to achieve his own requisites (as health, happiness, and financial success).

Source: <http://www.merriam-webster.com/dictionary/psychiana>

Robinson apparently originally intended to use the second-hand press to print religious tracts, but recruited Martineau to help run a daily newspaper in Moscow. Both enterprises prospered. In fact, Psychiana was sending mail to 67 countries in its first year, and quickly became a thriving media business during the Depression. It soon became the country's eighth largest religion and the world's largest mail order religion.⁴ One source says that Robinson received so much mail for Psychiana that Moscow was

⁴ <http://www.johnblack.com>.

given a Class "A" postal status and a large post office was built to handle the volume.⁵ Robinson's widow kept Psychiana for some time after his death, but it eventually died out.

Modern-day Elk River. Today, Elk River's population is about 153, and outdoor sports and recreation, along with tourism, have replaced the mills and the mines as sources of jobs.⁶ Or, as one website states, Elk River is:

a quaint community that has gone full circle: established as a remote hunting and recreation camp, developed by Potlatch as a mill town ... , only to return to a recreational community in the twenty first century.

Source: <http://www.idahobyways.gov/byways/elk-river.aspx>

The Elk River Historical Museum and Elk River Falls are now featured along the route of a scenic byway that terminates in Bovill. *Id.*

III. ISSUES INVOLVING THE INTERESTS OF THE GENERAL PUBLIC

The following issues bear on the interests of the general public:

- the Postal Service's approach to developing its economic savings estimate, including no accounting for a continuing leasehold obligation;
- the ability of the replacement office to handle post office box requests, given very few available boxes;
- the possible unavailability of Bovill Post Office, which the AR identifies as an option for retail services, because the Postal Service has proposed to close Bovill and that decision is the subject of a pending appeal in Docket No. A2012-109);

⁵ <http://www.class.uidaho.edu/narrative/theory/psychiana.html> (Psychiana: Propaganda and Storytelling, Professor Mary Abshire)

⁶ <http://www.moscowrealestate.com/Elk-River-Idaho>.

- additional pressure on post office box capacity at Deary, as Deary is also the replacement office for Bovill patrons, where there are **142 post office box patrons**;
- whether former Elk River Post Office patrons will, in fact, continue to receive “regular and effective” service due to:

a reference, in the Administrative Record, to a “mail call” situation, at least for a time, 27 miles away at the Deary Post Office;

no identification, in the Administrative Record, of the designated CBU site or sites; and

lack of clarity about a Community Post Office; and

- delayed posting of closing notices;

A. Estimated Savings

The Postal Service expects to save an estimated \$26,404 annually by closing the Elk River Post Office, based on elements identified in the following table:

Table 1
Postal Service’s Estimated Cost Savings

Item	Amount (in \$)
Elimination of Postmaster Salary (at EAS-55 level)	23,025
Elimination of Benefits (at 33.5%)	7,713
Elimination of annual lease expense	5,760
Subtotal	36,498
<i>Less: Annual cost of replacement service</i>	10,094
Total Postal Service Estimate	26,404
One-time cost of CBU installation	8,500

Source: Adapted from Administrative Record, Item No. 49 (Final Determination) at 9. (Section I, para. 5).

Salary and benefits. The Postal Service's institutional position is that salary and benefits should be estimated at what a Postmaster would receive at the Office if a Postmaster was, in fact, in place. Given this position, it seems that if the Postmaster assuming the vacant slot is "inheriting" a Post Office that has been downgraded on the basis of the Postal Service's own data, the estimated savings should reflect the lower salary and benefits, not the higher compensation. Here, for example, Item No. 9 in the Administrative Record (Worksheet for Calculating Workload Service Credit (WSC) for Post Offices) indicates that Elk River is now an EAS Grade E, not an EAS 55 level. Item No. 9 at 1,

However, as the Table makes clear, compensation continues to be estimated at the higher EAS 55 level rate. This represents more than 80 percent of the expected savings.

OIC salary. The OIC may be kept on at another location. The uncertainty about whether or not this occur is understandable, as the Postal Service may not know whether a slot will be available and may not know the current OIC's interest in continued employment. However, a clearer financial picture would emerge if the estimated economic effect included a "plus or minus" figure reflecting the OIC situation.

Lease continuation. The annual lease cost is \$5760. There is no 30-day cancellation clause. AR/Item No. 15 at 1 (Line No. 3). In fact, the lease expiration date is as July 31, 2014 — meaning there are about two and a half years left to go on the lease. *Id.* The financial picture would be clearer if the Postal Service reflected the continuing leasehold obligation in some way. *Id.*, Item No. 18 at 1 (Box 16b).

CPO cost. As addressed below, there are several indications in the record that serious thought has been given to establishing a CPO. If costs of providing a CBO can be estimated with some degree of accuracy, these costs should be disclosed and offset against the savings to the extent not co-extensive with the cost of CBU installation.

The Commission is familiar with the Postal Service's approach to developing economic savings in post office closing studies, thus, it is familiar with a potential consequence of its continued application: a distorted savings estimate. The interests of the Postal Service and of the general public coincide in terms of the importance of a

clearer picture of expected savings. The Postal Service has an institutional interest in having a more accurate idea of where it really stands so it can plan accordingly. As it now stands, the estimate the Postal Service provides is not something most patrons would expect from a major government agency, and undermines public confidence in the Postal Service. The Postal Service (1) has the resources to develop a better approach, and (2) should be able to do so with minimal effort. It is the public interest for the Commission to encourage closer attention to this component of the decisionmaking process.

- B. Will Replacement Service Really Be “Regular and Effective” if the Transition Begins with “Mail Call” 30 Miles Away, Establishment of a CPO is Uncertain, No One Knows Where the CBUs will be Located, and the Bovill Post Office May Close?

Post office closings are premised on the Postal Service’s ability to continue to provide customers with a maximum degree of regular and effective service, even if the replacement service differs substantially from the type of service previously provided.

The Administrative Record indicates that Elk River Post Office patrons have been offered few assurances of regularity and effectiveness, at least in the short term. For example, Item No. 21 (page 2) of the Administrative Record states:

... At first, your Elk River PO Box address will be distributed at the Deary Post Office as ‘will call.’ Your Elk River PO Box address may ultimately require changing to a street address If you wish, you could rent a new PO Box in Deary or in another Post Office.

First, the Final Determination does not contradict the statement about the temporary “will call” arrangement, and Postal Service Comments do not address it, leaving a considerable degree of uncertainty on this point. Second, Deary is 27 miles away, making for a round trip of 54 miles for mail call. This seems like a lot to ask of Elk River patrons, even on a transitional basis, especially because it seems that the Postal Service still has the resources to send a carrier to Elk River to conduct the mail call there.

Third, as for renting new boxes, the 92 Elk River box holders would be vying for just 8 boxes at Deary, assuming they wanted to travel 27 miles, and are unlikely to have any realistic chance for a box at Bovill (where there are 142 box holders), as the Postal Service has proposed to close that office.⁷ Thus, even with a limited degree of demand for Post Office boxes, it is unlikely that Deary will be able to satisfy it, as it does not have much leeway to accommodate even to handle additional demand from its own area residents.

CBU location. In addition, it is not clear from the Administrative Record where the CBUs will be located. The Post Office Survey Sheet states: “Potential CBU sites will have to be determined at a later date by the administrative Postmaster.” AR/Item No. 15 at 2 (Box 11). While it may be understandable at the outset of the process that there is some uncertainty over the location of CBUs, the acceptability of continuing uncertainty at the time a Final Determination is made is far less clear. Residents need to make important related decisions, such as whether to get a Post Office box in Deary or how to change their address on stationery and web sites. In its Comments, the Postal Service provides some indication that CBUs will not be in a central location in town, but instead be “roadside CBUs close to customer residences.” Postal Service Comments at 6. While this is somewhat helpful, the Administrative Record is the appropriate place in which to include information on CBU location. It would be in the public interest if the Postal Service would provide Elk River patrons and the Commission with more definitive information, especially when access during snowy weather and by the elderly and infirm has been raised on the record.

CPO. It seems like a CPO would be a good solution to meeting the needs of Elk River patrons. In fact, Item No. 15 in the Administrative Record (Post Office Survey Sheet/Point 5) affirmatively identifies the Elk River Lodge as a potential CPO site. In addition, based on several documented concerns, there are indications that a CPO was discussed with Elk River patrons and that some were very interested in this option.

For example, Concern and Response Nos. 10 and 11 (which are identical) state:

⁷ AR/Item No. 18 at 1 (regarding number of boxes at Deary).

Concern: Customers inquired about what hours and services would be provided by the CPO.

Response: The CPO will be contracted to provide at least the same hours as the present Post Office. Depending on the location, the CPO may provide expanded lobby hours. Services will be the same as provided at the Post Office, except for permit mail acceptance.

Item No. 47 at 4.

(As there are no permit mailers at Elk River, the last sentence does not seem to be of any immediate concern.)

AR/Item No 38 at 4 indicates this response was provided to Gordon Kreisher, and may have been the source of either Concern No. 10 or 11:

“You inquired about the hours and services that will be provided by the CPO. The CPO will be contracted to provide at least the same hours as the present Post Office. Depending on the location, the CPO may provide expanded lobby hours. Services will be the same as provided at the Post Office, except for mail permit acceptance. Customers could meet at the new location and snow would not be an issue.

Concern and Response No. 13 provide:

Concern: Customers were concerned that the CPO would later be closed.

Response: The Postal Service has every intention of maintaining a CPO in the community. A CPO will remain in the community as long as there is a need for the services. Additionally, a CPO cannot be closed without proper justification and approval must be obtained from the Vice President, Delivery and Post Office Operations at Postal Service Headquarters. There will be no need to travel to another town for your Postal needs. Erecting curbside boxes will not be a requirement as customers would be able to maintain a P.O. box address. We are currently working with business owners to join in a partnership with the U.S. Postal Service.

*Id.*⁸

Concern and Response No. 16 goes so far as to refer to the cost of the CPO:

Concern: Customers questioned the economic savings of the proposed discontinuance.

Response: Economic savings are only one of several factors considered. Economic savings have been calculated as required for discontinuance studies. The estimated cost of the CPO is based on price comparisons with other contracts providing similar services. A CPO is often located in an existing business and can operate more cost-effectively.

Id.

However, there is no mention of a CPO in the Final Determination of a CPO. In fact, it says there will be “no retail outlet” in the community. AR/Item No. 47 at 7 (Summary). While there may still be some uncertainty, Elk River residents clearly have been led to believe that a CPO may be the way the Postal Service provides them with “regular and effective” service. Thus, even if CPO plans have not been finalized, the Final Determination should address the status of the CPO and the potential cost.

C. Delayed Posting of Final Determination at Replacement Office and at the Bovill Post Office

On January 4, 2012, a “Memorandum to the Record” was issued. It appears as an unnumbered addition to the Administrative Record, following the Final Determination, Item No. 47. The Memorandum states;

ITEM No. 47 - Notices of the final determination indicates copies of the final determination are available for public inspection at the Bovill and Deary Post Offices during normal business hours. The final determination was posted in the Elk River Post Office on November 23, 2011 and will remain posted due to appeal to the P.R.C. The final determination will be posted in Bovill and Deary from January 4, 2012 through March 5, 2012.

⁸ Identical wording appears as Concern and Response No. 15 in another part of the Administrative Record.

The failure to post the Final Determination at both Bovill and Deary was apparently an inadvertent oversight, but the Postal Service plans to close the Bovill Post Office. Thus, timely posting takes on more significance. In addition, the adequacy of Post Office box availability at the Deary Post Office is questionable: the Deary Post Office may not even be in a position to handle additional requests for boxes from Deary patrons, much less any demand from Elk River and Bovill. Thus, the delayed posting negatively affects the interests of the general public in this case.

IV. PROPOSAL

Clarification and correction of the record is not needed for minor matters, such as the initial placement of Elk River in Latah County, instead of Clearwater County.⁹ However, when the Administrative Record is unclear on more significant points, such as whether the mail call situation in Deary will still be needed, and silent as to how long the mail call situation might go on, the provision of “regular and effective” service is called into question. Similarly, with the potential closing of the Bovill Post Office, it is unclear whether Deary will be able to serve even limited demand, as it only has 8 available boxes. Finally, the Administrative Record points to considerable interest in a CPO, but despite repeated mentions of a CPO (including reference to a potential site), the Final Determination and the Postal Service Comments are silent on this option — the very option that might provide everyone involved with a suitable solution.

It would be in the public interest for the Postal Service to clarify the record on the points addressed in these Reply Comments.

Respectfully submitted,

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⁹ See AR/Item No. 14 at 1 for the initial Latah County reference.

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